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New York, New York

Nicolas GOULET et al

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Filed:

Examiner:

For: METHOD AND SYSTEM FOR THE CREATION OF A DYNAMIC OFFERING

Asst. Commissioner for Patents  
Washington, D.C. 20231

PRELIMINARY AMENDMENT

Sir:

Prior to examination, please amend the application as follows:

IN THE CLAIMS:

Please amend claim 16 as follows.

Claim 16, line 1, change "claims 11-15" to --claim 11--.

REMARKS

This Preliminary Amendment is submitted to change the multiple dependent claim to a single dependent claim in order to reduce the government filing fee.

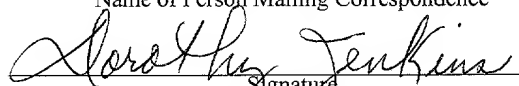
EXPRESS MAIL CERTIFICATE

Respectfully submitted,

I hereby certify that this correspondence is being deposited with the United States Postal Service as Express Mail Post Office to Addressee (mail label #EL583736324US) in an envelope addressed to: Asst. Commissioner for Patents, Washington, D.C. 20231, on February 9, 2001

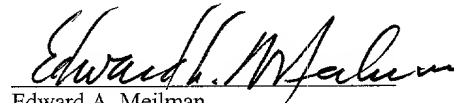
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## METHOD AND SYSTEM FOR THE CREATION OF A DYNAMIC OFFERING

The present invention relates to a method and system for the creation of a dynamic offering for perishable goods and services through an electronic trading system. Said method and system combine dynamic pricing with other offering elements in which the purchaser finds value, to create a customized package that the producer can route to a given set of channels according to some predefined choices.

### *BACKGROUND OF THE INVENTION*

Perishable goods and services represent a large proportion of the goods and services traded on economic terms. Examples of such goods and services are passenger transportation and accommodation services (airlines, rail, cruises, advertising services, entertainment, etc.)

Producers of such perishable goods and services (perishable assets) try to sell, or place, all units of inventory at the highest possible price before they expire. Perishable goods and services are defined as goods or services whose value diminishes with time, eventually becoming worthless on the expiration date. At any given point in time, the value of a perishable asset can be measured by multiplying the intrinsic value to the purchaser by the risk factor of no placement. As the risk factor of no placement increases with time, the value of the asset decreases until it can no longer be placed, which is the point of expiration. Producers extract value from perishable goods and services by placing them in advance of their expiration. Ideally, producers attempt to place every unit of inventory prior to expiration. For instance, an airline will try to place every seat on a given flight. Any unsold seats expire as soon as the flight departs. In this case, the producer is the airline, the unit of inventory is the seat, and the expiration is the departure date.

Perishable goods and services can be grouped into two main categories depending on the status of their commercialization: unsold (excess) inventory (where supply exceeds demand) and sold inventory (where demand equals or exceeds supply). Sold inventory can be further categorized into standard inventory (supply approximately equals demand) and oversold inventory (demand significantly exceeds supply).

Excess inventory is of particular concern to producers. Producers attempt to sell every unit of inventory before the value of that inventory expires. In most cases, only part of the total available inventory is sold, with the remainder becoming worthless on the expiration date. The costs associated with excess inventory are borne by purchasers of sold inventory, as fixed costs are spread over fewer units. Therefore,

excess inventory has the effect of increasing average prices to purchasers and/or decreasing overall revenues to producers.

Oversold inventory is also of concern to the producers. At a given price, demand for a product or service can often exceed supply. When this happens in traditional fixed-price markets, the actual market value of the product or service is higher than the selling price. Many consumers would willingly pay a premium for the inventory, given the opportunity to do so. Producers do not realize this premium unless the market price increases dynamically with market demand. Furthermore, once a given set of inventory becomes oversold, additional offers for that inventory become more valuable. Hence the producer will prefer to offer that inventory to customers that are more valuable in the long term.

Producers face an additional dilemma that is of particular concern: Traditionally it has been difficult to quantify and act upon the difference between making an offer to a customer or purchaser based on his immediate cash contribution and making an offer to a customer based on his long term potential for cash contribution. These two aspects are called short-term cash yield and total yield. In order to be accurate total yield must incorporate a measure of the potential loyalty of the customer to the inventory. In cases where the customer's loyalty can be increased and/or measured, it may be more profitable in the long run for the producer to choose to give the unit of inventory for free to a valuable customer (e.g.; a frequent flyer) rather than get a immediate cash payment from a one time customer.

#### *SUMMARY OF THE INVENTION*

The present invention advantageously fills the aforementioned deficiency in the prior art by assisting producers in the placement of perishable goods and services via the Internet and other communication networks, while at the same time maximizing total yield derived from such placement and strengthening relationships between purchasers, producers and channels.

One object of the present invention is to provide producers and channels with a means of presenting the offering in real time, either via a dynamic pricing system, a market-based pricing system or fixed pricing. The first mechanism automatically generates an online price of an asset, based on a predefined algorithm. One of those algorithms is the so called Dutch Auction, where a given asset is offered at a price that constantly drops in metered increments until either all units have been sold or until the auction ceases. Other algorithms will use different shapes of descending price curves or introduce variables other than time that govern price movements, such as number of